Supreme Court, U.S.
FILED
JUL 18 1996
CLERK

No. 95-2041

In The

Supreme Court of the United States

October Term, 1995

PARA-ORDNANCE MANUFACTURING, INC.,

Petitioner,

v.

SGS IMPORTERS INTERNATIONAL, INC.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF IN OPPOSITION

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EDITOR'S NOTE

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QUESTION PRESENTED

Whether the panel majority of the United States Court of Appeals for the Federal Circuit erred in finding that the patent-in-suit was invalid.

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BRIEF IN OPPOSITION

STATEMENT OF THE CASE

I. INTRODUCTION

Petitioner, Para-Ordnance Manufacturing, Inc. (hereinafter "Para-Ordnance"), is asking the Court to review factual findings and the application of a properly stated rule of law to the facts of the case. Supreme Court Rule 10 specifically states that such a petition "is rarely granted." Certainly, Para-Ordnance has made no showing of a compelling reason for the Court to grant a writ of certiorari.

Para-Ordnance states, in its statement of the Question Presented to the Court, that the panel majority applied a "hindsight" analysis in determining that the patent-in-suit was invalid. This is nothing more than Para-Ordnance's characterization of a decision that clearly recognizes that hindsight is improper in analyzing the validity of a patent. The Federal Circuit Court of Appeals was reviewing a district court bench decision where the trial judge was equally aware that hindsight was improper. The Federal Circuit arrived at its opinion after an unusual hearing lasting more than ninety minutes. Moreover, the Federal Circuit both refused to grant a petition for rehearing and declined a suggestion for rehearing *in banc*.

This petition is nothing more than an attempt by Para-Ordnance to get another review of a decision based on undisputed law, the application of which Para-Ordnance simply will not accept. If the Court grants this petition for certiorari, then every run-of-the-mill validity determination will be subject to this Court's review, both

overburdening this Court and undermining the purpose of the Federal Circuit Court of Appeals.

II. FACTUAL BACKGROUND

A detailed exposition of the facts in this case and an argument on the merits is inappropriate in response to the petition about whether a writ of certiorari should be granted. However, Respondent SGS Importers International, Inc. (hereinafter "SGS") presents herein a sufficient factual summary so that a balanced picture is presented to the Court in response to the petition by Para-Ordnance.

The patent-in-suit is for a *conversion kit* that allows existing semi-automatic handguns with a given ammunition round capacity to be modified to enable an ammunition magazine of higher round capacity to be used. (App. 26a.) More specifically, the patent-in-suit discloses using a wider grip in the gun to accommodate a magazine of extra width to fit within the grip. The wider magazine allows the ammunition rounds to be in a staggered configuration, rather than in a single row, thereby allowing the higher capacity. (App. 2a.)

While Para-Ordnance sold conversion kits intended to be used with the highly successful Colt 1911 .45 caliber handguns at the time the application for the patent-in-suit was filed, the patent claims are not restricted to .45 caliber guns. (App. 26a.). Nor does Mr. Szabo, the named inventor of the patent-in-suit, claim he invented widened magazines with staggered rounds within. The Browning Hi-Power handgun, a tremendously successful handgun

design made in 1935, also included a widened expanded capacity magazine within the grip of the gun.

In addition to the Browning Hi-Power handgun, the other prior art handgun on which the Federal Circuit panel relied was the Llama Omni, a reference that was never before the United States Patent and Trademark Office during the examination leading to the issuance of the patent-in-suit. (App. 7a.) The Llama Omni is also a handgun which holds in its handgrip a magazine with staggered rounds for higher capacity. Importantly, the grip covers which form the side walls of the handgrip of the Llama Omni incorporate tapered tabs on the interior of the cover that converge in the direction of the top of the grip. (App. 7a.)

The tapered area of the handgrip was focused on by the trial court as part of its obviousness analysis. That is, in determining the differences between the claimed invention and the prior art, the judge found the differences to be "largely this converging, thickening face" and that the grip covers are separate from the frame. (App. 38a.) In this petition (and throughout the case), Para-Ordnance has relied on its assertion that the convergence area solved a strength problem. (Petition at 18.) However, the trial court found that "the strength additive aspect of the convergence is an afterthought" and that it was "persuaded by [the defendant's expert's] testimony that this thing has plenty of strength whether it has that added metal in there or not." (App. 37a, 38a.)

Finally, Para-Ordnance makes references in its petition to certain testimony it presented in support of secondary considerations, such as prior attempts to expand

the Colt 1911 (Petition at 5) and favorable trade articles (Petition at 6). Such citations ignore the fact that opposing testimony was given at trial and that the trial court found no secondary considerations in support of Para-Ordnance. (App. 44a-47a.)

III. DISCUSSION

A. The Court Did Not Use Hindsight.

Para-Ordnance's sole justification for a grant of certiorari is the assertion that the panel majority applied hindsight in reaching its decision that the patent-in-suit was invalid. This position ignores that the majority opinion explicitly addressed the issue of hindsight in view of the arguments previously made by Para-Ordnance and those made by the dissent. Furthermore, the position set forth by Para-Ordnance is made based on an incorrect understanding of the proper application of the law to the prior art. Finally, the argument is grounded on misstatements of facts and an improper reliance on facts that directly contradict the factual findings of the district court and for which Para-Ordnance has made absolutely no argument in the petition that the findings were clearly erroneous.

1. The Majority Specifically Addressed the Hindsight Issue in Their Decision.

It cannot be disputed that the panel majority was focused on the hindsight question, since one of Para-Ordnance's contentions on appeal was that the district court used hindsight. (App. 6a.) More to the point, Para-

Ordnance's position in the petition is that the majority used hindsight. However, the dissent made precisely the same point and the majority responded directly. (App. 22a, 10a.)

Specifically, the majority addressed the dissent's position that there was no "motivation or teaching for a person of ordinary skill in the art to use a frame made in a single piece with converging side face portions." (App. 10a.) This was just another way the dissent expressed its view regarding hindsight. The majority properly concluded that the district court's fact finding that the prior art suggests "the marriage of convergent side face portions with and into a single frame piece" was not clearly erroneous. (App 10a.)

Consequently, the panel majority has made no holding of law contrary to the admonition in *Graham* that the judiciary must "guard against slipping into use of hindsight." *Graham v. John Deere Co.*, 383 U.S. 1, 36 (1966). The record demonstrates that the majority was well aware of this concern.

2. Para-Ordnance Improperly Confuses Proper Obviousness Analysis with Hindsight.

Para-Ordnance improperly concentrates on the identification of the *problem* solved by the claimed invention (as discussed below, it also incorrectly states the problem) as being part of the obviousness analysis. For instance, it says that "[i]t was the Para-Ordnance inventor who first recognized the importance of frame strength to designing a successful, increased-capacity handgun." (Petition at

18.) In other words, the hindsight it complains of relates to its own understanding and articulation of the alleged problem.

Contrary to the characterization of the test for obviousness by Para-Ordnance, Professor Chisum states that "the test assumes that the *problem* to which the invention is addressed was presented to the hypothetical mechanic for solution. This is a fundamental point frequently overlooked. . . . [T]he solution from a technological point of view may have been obvious after the problem was recognized, and patents issue only for new and nonobvious *solutions* to technological problems. . . . " DONALD S. CHISUM, PATENTS, § 5.04[1][c], p. 5-271, Matthew Bender (1995) (emphasis added).

The majority properly started by characterizing the *problem*, namely "making the mechanical transition between the widened grip portion and the narrower top portion of the handgun frame. . . . " (App. 6a.) The majority then properly arrived at its conclusion that the *solution* provided by the claimed "intermediate face portions which are converging" would have been obvious, not by using hindsight, but, instead, by considering the prior art and how it would have been considered *at the time* by one skilled in the art.

3. Para-Ordnance Improperly Assumes That Strength in the Convergence Area Was the Problem Solved by the Patent-In-Suit.

Throughout the petition, Para-Ordnance baldly states that the strength of the convergence area of the handgun was the problem recognized by the inventor and solved.

For instance, Para-Ordnance states that it was not recognized "that gaps between the grip and the top portion of the frame could weaken the frame. . . . " (Petition at 18.) Even now, Para-Ordnance is using this "red herring" to confuse the Court. That is, even if recognition of a problem to be solved may be a possible consideration in the obviousness analysis, Para-Ordnance never established that the strength of the convergence area was a problem.

Strength was not an issue in determining obviousness, since the patent-in-suit does not state that strength is provided by the converging intermediate side walls. As noted above, the district court found that the strength additive aspect of the convergence was an afterthought. The majority opinion never found the district court's finding to be clearly erroneous and implicitly recognized that strength was not an issue when it stated the problem addressed by the intermediate converging faces. (App. 6a.)

Para-Ordnance's whole argument about hindsight is based on the foundation of an unestablished fact. Certainly, the issue presented by Para-Ordnance does not rise to the level requiring a Supreme Court review.

4. Para-Ordnance Also Raises Unestablished Secondary Considerations and Other Misleading Evidence in Support of its Argument.

In addressing secondary considerations, the majority found not clearly erroneous the district court's conclusions that there was no commercial success, no long-felt but unsolved need, and no copying that favored a finding

of nonobviousness. (App. 11a-12a.) In the petition, Para-Ordnance does not give any reason for holding these findings to be clearly erroneous.

Nevertheless, Para-Ordnance makes repeated references to evidence submitted at trial, but rebutted by SGS, as though it is presenting facts to be taken as established for consideration of the present petition. For instance, Para-Ordnance states that "[p]rior attempts to expand the capacity of the Colt 1911, including two attempts by Colt itself, had never succeeded." (Petition at 5.) These are references to evidence previously, but unsuccessfully, submitted by Para-Ordnance to show a long-felt but unsolved need. The district court found there was no long-felt need, a finding that the court said was confirmed by the testimony of an expert witness. (App. 46a.) Para-Ordnance also recites that its product received accolades, even though the district court found such evidence wanting. (Petition at 6.) Again the district court gave no credence to such testimony, finding that "commercial success was as a result of the factors relating to enhanced capacity handguns in general and not anything in the invention. . . . " (App. 47a.)

Thus, Para-Ordnance improperly uses repudiated evidence of secondary considerations to try to support its unsubstantiated position that strength was the problem solved by the patent-in-suit, all to support an incorrect legal analysis of obviousness. This three level argument is a house of cards that will fall if any one level is removed. In this case, no level of the argument is proper and the petition should be denied.

B. The Question Presented Does Not Merit the Court's Review.

Rule 10 states that "[r]eview on a writ of certiorari is not a matter of right, but of judicial discretion." Even if Para-Ordnance was correct that the panel majority incorrectly applied hindsight in its considerations, this case does not rise to the character of compelling cases suggested in Rule 10. This is not a case where the circuits are in conflict, because the federal circuit has exclusive jurisdiction to hear appeals of district court decisions concerning validity of patents. *See Markman v. Westview Instruments, Inc.*, ___ U.S. ___, 116 S. Ct. 1384, 1396 (1996); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989).

Neither is this a case where the Federal Circuit has decided an important question of federal law. Para-Ordnance does not point out any pronouncement by the Federal Circuit arising out of its decision. Again, at best, Para-Ordnance is saying only that the Federal Circuit did not properly apply recognized law in reaching its decision.

Because of the unique exclusivity the Federal Circuit Court of Appeals has in patent cases, only cases of universal effect have been considered by this Court. The two most recent patent cases before the Court illustrate this point. In *Markman v. Westview Instruments, Inc.*, ___ U.S. ___, 116 S. Ct. 1384 (1996), the Court reviewed an *in banc* decision by the Federal Circuit that patent claims interpretation is a matter of law. Not only is this an issue of federal law critical to the outcome of almost every patent infringement litigation, but also the judges on the Federal

Circuit had varying viewpoints about what should be the proper state of the law.

Similarly, in *Hilton Davis Chemical Co. v. Warner-Jenkinson Co., Inc.*, 62 F.3d 1512 (Fed. Cir. 1995), *cert. granted*, ___ U.S. ___, 116 S. Ct. 1014 (1996), the Federal Circuit decided *in banc* basic issues surrounding the application of the doctrine of equivalents, including the standards to be applied and whether the doctrine involves considerations of equity. Again, in *Hilton Davis* the Federal Circuit was split over the decision, with five judges dissenting in three separate dissents.

While *Markman* and *Hilton Davis* affect patent infringement cases throughout the country, the decision in *Para-Ordnance v. SGS* probably will affect only the parties to the case. The Federal Circuit found nothing in this case to justify a rehearing *in banc*. Contrary to the suggestion by Para-Ordnance that this decision will somehow impact a goal of judicial uniformity, this is simply one of many case-by-case applications of law that the district courts determine in the first instance and the Federal Circuit reviews on appeal. Reasonable people may differ on the conclusion reached, but the decision must finally be made.

IV. CONCLUSION

The petition for a writ of certiorari should be denied because no compelling reason has been provided by petitioner for invoking the Court's review.

Respectfully submitted,

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July 18, 1996